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SUBJECT: UN BUDGET: GENERAL ASSEMBLY APPROVES ADDITIONAL
\$375 MILLION FOR 2006-2007 AND INITIAL ESTIMATE FOR THE
BIENNIUM 2008-2009

REF: A. 2006 USUN 0050

[B](#). 2006 USUN 1877

[C](#). 2006 USUN 1879

[D](#). RASHKOW-LEIS EMAILS 12/20/06 AND 12/21/06

[E](#). 2006 USUN 2257

[F](#). 2006 USUN 1337

[G](#). 2006 USUN 2258

[H](#). SHAH-LEIS EMAIL 12/17/06

[1](#). SUMMARY: On December 22, 2006, the General Assembly (GA) adopted resolutions related to the program budget for the biennium 2006-2007: "Enhancing the role of the subregional offices of the Economic Commission for Africa" (A/RES/61/234) and "Questions relating to the program budget for the biennium 2006-2007" (A/RES/61/252), as well as a resolution on the program budget for the biennium 2008-2009, "Proposed program budget outline for the biennium 2008-2009" (A/RES/61/254). Resolution 61/252 deals with a number of budget issues, including additional office/conference facilities at the Vienna International Center and the Economic Commission for Africa, the possible establishment of a contingent liability reserve for the UN Postal Administration, the Development Account, special political missions, revised estimates related to decisions of the Human Rights Council and Economic and Social Council, the financial implications of the reports of the International Civil Service Commission and UN Joint Staff Pension Board, the role of the Commission on Crime Prevention and Criminal Justice, and the first performance report for the biennium 2006-2007. Based on decisions made since the adoption of the 2006-2007 budget in December 2005, including those made during the resumed sessions of the sixtieth General Assembly and the main session of the sixty-first General Assembly, the General Assembly also approved a revised appropriation of \$4,173,895,900 for the biennium, some \$375 million higher than the initial appropriation for the biennium (A/RES/61/253 A-C). END SUMMARY.

SUBREGIONAL OFFICES OF THE ECONOMIC COMMISSION FOR AFRICA

[2](#). In resolution 60/235, the General Assembly requested the Secretary-General to present to it a comprehensive action

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plan to strengthen the subregional offices of the Economic Commission for Africa (ECA), based on the recommendations of the Office of Internal Oversight Services (OIOS), which highlighted a number of managerial problems and resource issues at ECA (ref A). The action plan submitted to the GA reflected a comprehensive review of ECA conducted by its new Executive Secretary and also reflected the recommendations of OIOS. In his report, the Secretary-General noted that

several posts had been re-deployed within ECA to support the subregional offices and that further posts would be requested in the context of the 2008-2009 proposed program budget. The Group of 77 and China (G77) disagreed with the Secretary-General's decision to request further posts in the

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context of the next budget and sought immediate approval of the additional posts. In the end, the General Assembly was able to take note of the Secretary-General's decision, effectively pushing off further discussion on resources for ECA until the next budget, when this G77 priority can be balanced with other considerations.

UN POSTAL ADMINISTRATION

13. A number of questions regarding the contingent liabilities of the UN Postal Administration (UNPA) were raised during the Fifth Committee's consideration of the Secretary-General's recommendation to establish a reserve

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fund to deal with these liabilities. In particular, questions were raised regarding the future net income that may be available to transfer to a reserve fund (the recommended funding mechanism), ongoing negotiations between the UN and postal authorities in the three countries in which UNPA operates, and the possibility of charging bulk mailers for security screening (which may both reduce the amount of mailings and UNPA expenses). The General Assembly took note of the Secretary-General's report and requested further information and options to be submitted to the GA for its consideration during the second resumed sixty-first session in May.

DEVELOPMENT ACCOUNT

14. In paragraph 14 of resolution 60/246, the General

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Assembly requested "recommendations on how additional resources in the region of 5 million dollars could be added to the Development Account." The Fifth Committee began its consideration of the related report early in the main session, but lack of viable recommendations from the Secretary-General and disagreements over the interpretation

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of paragraph 14 quickly led to stalled discussions. The G-77 lead negotiator for this item, Jamaica, had been closely involved with the budget negotiations in December 2005 when Jamaica was the chair of the Group and made lengthy, emotional statements regarding the interpretation of the language. She noted that the agreement on recosting the Development Account and on the \$5 million was part of a larger, "more difficult" budget negotiation, both implicitly and explicitly referring to the agreement on the spending cap. The G-77 continually stated that the GA had made a political commitment to add \$5 million to the Development Account when it adopted paragraph 14 of resolution 60/246 and also that the agreement to recost the Account was a permanent change and not a one-time exercise. The U.S., EU, Japan and CANZ noted that the GA had committed to reviewing recommendations on how to add additional resources, and then only within the mandate already set for the Account (that additional amounts should be found through gains in efficiency and productivity). Western delegations also challenged the notion that recosting should be permanent, supporting the point that had been raised by the ACABQ in its report.

15. As it became clear that there was no agreement on either the addition of funds or on further recosting, the G-77, through the current chair, South Africa, began to make

threats in various formal and informal statements, that additional resources would be added to the Account in one way or another. In the end, the Committee agreed to add \$2.5 million as an exceptional measure and also requested the Secretary-General to submit a report that would set out

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recommendations on how additional resources of at least \$2.5 million could be identified for transfer to the Development Account. The GA also asked for an assessment of the impact of the Development Account. The U.S. disassociated from the consensus, as instructed (ref D), due to the unwillingness of other Member States to include any language on mandate review as a possible source of funding for the Development Account in the future.

SPECIAL POLITICAL MISSIONS

¶6. The GA reached a consensus decision on financing the 2007 requirements for special political missions (SPMs) despite the attempts of the Syrian delegate to change the financing scale for SPMs from the regular budget to the peacekeeping scale and to provide only short-term funding for all SPMs due to objections with the expected accomplishments, indicators of achievement, and Special Representative of the Secretary-General for the implementation of UN Security

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Council resolution 1559 (UN presence in southern Lebanon). All delegations, other than Syria, were ready to move forward with a short resolution that would have endorsed the ACABQ recommendations, including its funding recommendation. Syria's unwillingness to agree to that compromise blocked a decision on SPM financing for several days. The G-77 had no group position on SPM financing, which hindered the Chair's ability to put pressure on one of its group members. Attempts to isolate Syria by declaring broadest possible consensus led to veiled threats of a vote, though many, including USDel, believed it was a bluff.

¶7. Financing for SPMs became the last remaining issue on the Fifth Committee agenda for the main session and held up the Fifth Committee's formal meeting to adopt all outstanding resolutions, as well as the General Assembly's final meeting for the main session. As a result, the attention of the Chairman of the Fifth Committee, the Office of the President of the General Assembly (PGA), P-5 Ambassadors and the Syrian and South African Ambassadors was drawn to the Fifth Committee and the lack of consensus on financing important missions. Ambassador Wallace joined other P-5 Ambassadors, the Fifth Committee Chairman (Algeria) and Under-Secretary-General for Political Affairs Gambari in order to discuss a way forward. The Chairman of the Fifth Committee was hamstrung due to national considerations and was unable to offer a solution.

¶8. The Egyptian and South African delegates, as well as the former Egyptian delegate (now with the PGA's office) worked

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to broker a compromise, whereby no specific mission or envoy would be singled out for mandate reinterpretation or criticism. The GA did acknowledge the need to improve the implementation of results-based budgeting and requested the Secretary-General to review the logical frameworks, which set

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out expected accomplishments and indicators of achievement, for all SPMs in order to ensure their consistency with mandates and to report back to the Assembly no later than the early part of the second resumed session in May.

¶9. The total budget level approved for 2007 for all missions is \$326,500,000, a reduction of nearly \$40 million compared to the Secretary-General's proposal, based on the expenditure

patterns in 2006. As reported in ref F, the Secretary-General's report noted that there was a significant

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amount of underexpenditure for most missions in 2006, but in particular with the UN Assistance Mission in Iraq (UNAMI). Based on the level of underexpenditure in 2006, the Advisory Committee on Administrative and Budgetary Questions recommended that the General Assembly apply a 10 percent overall reduction to the budgets for 2007, resulting in a total budget of \$328,384,080 and an appropriation of \$232,500,480 (total budget is offset by the amount unspent in 2006 (\$95,883,600)). During its discussions, the Fifth Committee agreed to endorse ACABQ's conclusions and recommendations, but decided to further reduce the budget to \$326,500,000, with a related appropriation of \$230,616,400.

¶10. The further reduction from the ACABQ level reflected the Syrian desire to cut funding for the implementation of resolution 1559. The Committee did not agree to cut funding for any specific mission, but agreed to further reduce the ACABQ recommendation generally. The Secretariat and Fifth Committee understood this reduction to be applied at the Secretary-General's discretion and based on expenditure

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patterns. The GA decision was not an across-the-board reduction nor did it target any one mission. In endorsing the ACABQ's conclusions and recommendations, the GA decision reduced funding for the Counterterrorism Executive Directorate (CTED)'s fifth special meeting in Africa. Noting that these meetings were generally funded by voluntary resources, ACABQ encouraged CTED to continue its efforts to find extrabudgetary resources, but allows for the Secretary-General to report on any requirements in the second

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performance report. As there was a lack of time to consider the report of the Office of Internal Oversight Services on the management of SPMs by the Department of Political Affairs, the GA decided to revert to the report during its consideration of the proposed budget for 2008-2009.

¶11. Total SPM budgets for the biennium 2006-2007 now stand at a little over \$700 million, nearly twice the level in the biennium 2004-2005, with two additional missions in Nepal and Burundi expected to be approved by the Security Council in the coming weeks. Fifth Committee discussions were made especially difficult due to several issues raised by the Syrian delegate. USUN fully expects that these issues will come up again in the next discussion; further thoughts and analysis, as well as a request for guidance are being sent septel.

REVISED APPROPRIATIONS FOR THE BIENNIUM 2006-2007

¶12. In light of GA decisions made earlier in 2006 and based on the Fifth Committee's consideration of revised estimates and program budget implications of resolutions adopted by other Main Committees or the plenary, the General Assembly agreed to a revised appropriation for the biennium of \$4,173,895,900, some \$375 million higher than the initial appropriation approved in December 2005. The bulk of this increase, some \$270 million, represents the net additional requirements for special political missions since December 2005 (changes made during the resumed sessions of the sixtieth General Assembly and during the main session of the sixty-first General Assembly). Changes in exchange rates, notably the declining value of the U.S. dollar vis-a-vis the Euro, also had a significant impact on the revised appropriation.

THE NEXT BUDGET: THE BUDGET OUTLINE FOR THE BIENNIUM 2008-2009

¶13. Based on the revised appropriation for the biennium 2006-2007, the General Assembly approved an initial estimate

for the biennium 2008-2009 of \$4,194,726,800. After a lengthy discussion as to whether the level of the contingency

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fund should be increased from .75 percent to 1.35 percent, as requested by the Secretary-General and supported by the G-77, the Fifth Committee agreed to keep it at .75 percent (or \$31,460,500). However, there was agreement to request a report that provides further information on the utilization of the contingency fund, for the GA's consideration during the sixty-second session. This estimate will be used to prepare the proposed program budget for the biennium 2008-2009.

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